

NEW HAMPSHIRE STATE LIQUOR COMMISSION

MINUTES OF MEETING – NOVEMBER 7, 2002

PRESENT: Chairman John Byrne and Commissioner Patricia Russell; John Bunnell, Administrator of Marketing & Sales; Craig Bulkley, Bureau Chief of Administrative Services; Richard Farrenkopf, Assistant Director of Information Technology; Nicole Horton, Wine Marketing Specialist; George Tsiopras, Chief Accountant; Al Picconi, United Beverages, Inc.; Michael Gocłowski, Law Warehouses

EXCUSED: Commissioner Anthony Maiola; Peter Engel, Director of Store Operations; Richard Gerrish, Spirits Marketing Specialist; Howard Roundy, Director of Information Technology

I. FINANCIAL & ADMINISTRATIVE REPORTS

1. Financial Reports

A. Weekly, Y-T-D Sales Reports:

The SA1000 report for the week ending November 3rd indicates retail sales were up about 2.3%, on-premise sales were up 9.95%, off-premise sales were up 18.9%, and total aggregate sales increased by almost 7%. The traffic count was up 3,453, while the average sales ticket was down by \$.34.

The W-1 Total Weekly Sales report for the same week as above verifies total sales were up 7% or \$407,802 for the week, while sales increased by 5.8% or \$6,870,502 on a yearly basis. Wine sales also increased for the week by 11.4% or \$310,361, as they did for the year by 10.8% or \$5,389,228. Sales of spirits for the week were up a little over 3.1% or \$97,441. They also increased year-to-date by 2.2% or \$1,485,910.

B. Budget Reports:

Concerning the current Outstanding Depletions and Post-Offs report, everything appears to be in good shape. Those brokers showing a balance under the September column aren't due until November 10th, which should be paid within the next week.

Treasury has started their e-payment efforts, and has asked to begin with some of the Commission's vendors. The top 25 will be asked to participate in the program. Once approved, accounting will work with them to make payment transactions via e-mail.

Reviewing this past week's activity under the Expense Budget Activity Variance Report, George commented that agency totals should be at around 35%. Total agency expenditures, however, are at about 35.87%. There are a few class lines which are high, including Class 22 Rents and Leases and Class

24 Maintenance. Class 30 Equipment is also high, but includes some funds which will be moved to the 98 Relocation line. Class 60 Benefits amounts are based on increases in health care costs. Class 50 is holding and continues to be monitored. There is also an increased in Class 90 Workmen's Compensation due to higher incidences of back injuries. Liberty Mutual will be asked to provide a training program to help reduce them. A report will be submitted to the Commission showing a further breakdown of costs.

2. IT Report

Rick Farrenkopf said IT is working on the last phases of the new server. The new fire pressure system has removed old halon from the building. All of the hardware needed for the new Bedford store has been identified.

II. MARKETING & SALES REPORTS

1. Store Operations

Looking at the latest W-8 Sales Analysis by Location report, John Bunnell noted that Store #48 Hinsdale experienced a very high increase in sales of around \$30,000.

2. Warehouse Report

There was nothing of significance to report regarding the current Concord Warehouse Inventory Report.

Mike Gocłowski distributed written information regarding the introduction of the new liquor web site and briefly explained how this new system would work. Chairman Byrne said the Commission will take action on this issue when the two bureau chiefs come back with a recommendation.

3. Purchasing Report

The purchasing report shows everything to be in fairly good shape, with no high demand items listed.

4. Merchandising Report

A. SPIRITS:

1) Test Market Requests:

a. Eagle Rare Single Barrel Bourbon:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from United Beverages, Inc./Sazerac Company for a new test market listing for Eagle Rare Single Barrel Bourbon, 750ML size (assigned four-digit Code #2973), as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

b. Bruichladdich 10 Year Old & 15 Year Old Single Malts:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from United Beverages, Inc./Connoisseur Wine Company for new test market listings for Bruichladdich 10 Year Old Single Malt Whisky, 750ML size (assigned four-digit Code #2310) and Bruichladdich 15 Year Old Single Malt Whisky (assigned four-digit Code #2315) as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

2) Full Distribution Request (Villa Massa Limoncello):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission deny a request from United Beverages, Inc./Laird & Company for full distribution of Code #5689, Villa Massa Limoncello, 750ML size, to remain in specialty status until all products are reviewed at the end of the calendar year. The motion was unanimously adopted.

3) Size Extension Request (Romana Black Sambuca Liqueur):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission table a request from United Beverages, Inc. for a 50ML size extension of Romana Black Sambuca Liqueur, pending further information. The motion was unanimously adopted.

4) Antique Bourbon Collection:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve an offer from United Beverages, Inc./Sazerac Company for the Commission to purchase allocated cases of the following limited production whiskies, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales: Code #2970, W.L. Weller 19 Year Old Bourbon; Code #2971, Sazerac 18 Year Old Rye Whiskey; and Code #2972, Eagle Rare 17 Year Old Bourbon. The motion was unanimously adopted.

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5) January Special Offers:

a. 1 item – R. Colbath/Spirits Marque One:

It was moved by Commissioner Byrne, seconded by Commissioner Maiola, that the Commission approve a special offer from Richard Colbath/Spirits Marque One, based upon depletions of one (1) spirit item, to be featured on sale during January 2003, as recommended by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

b. 3 items – Pine State Trading Co.:

It was moved by Commissioner Byrne, seconded by Commissioner Maiola, that the Commission approve special offers from Pine State Trading Company, based upon depletions of three (3) spirit items, to be featured on sale during January 2003, as recommended by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

6) Holiday Sale:

It was moved by Commissioner Byrne, seconded by Commissioner Maiola, that the Commission approve seventeen (17) spirit items and fifteen (15) wine items to be featured during the upcoming Holiday Sale, scheduled for the period Thursday, December 12, 2002 through Thursday, January 2, 2003, as recommended by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

7) Tabled Items:

a. Test Market Results (Code #5844, Imoya VSOP Brandy –
tabled from 10/31/02, Item A-2-e):

It was moved by Commissioner Byrne, seconded by Commissioner Maiola, that the above item be referred back to the Marketing Department, pending further conversation with the broker. The motion was unanimously adopted.

b. Test Market Results (Code #3660, UK5 Organic Vodka –
tabled from 10/31/02, Item A-2-f):

It was moved by Commissioner Byrne, seconded by Commissioner Maiola, that the above item be referred back to the Marketing Department, pending further conversation with the broker. The motion was unanimously adopted.

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- c. Offer to Purchase 7 Different Chilean Wine Codes (tabled from 10/31/02, Item B-3):

It was moved by Commissioner Byrne, seconded by Commissioner Maiola, that this item be removed from the table, and that the Commission deny an offer from Sea Breeze Cellars for the Commission to make a special purchase of seven (7) Chilean (Casa La Joya and Chateau La Joya) wines, as recommended by Nicole Horton, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- d. Cookkoothama (tabled from 10/31/02, Item B-4):

It was moved by Commissioner Byrne, seconded by Commissioner Maiola, that this item be removed from the table, and that the Commission approve a special offer from Wineberries, Ltd. for the Commission to purchase the following three (3) 750ML size wines, based upon depletion and special purchase allowance, as recommended by Nicole Horton, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales: Code #36438, Cookkoothama Cabernet Merlot; Code #36439, Cookkoothama Chardonnay; and Code #36440, Cookkoothama Shiraz. The motion was unanimously adopted.

B. WINES:

- 1) Not Recommended – Allocations for Distribution to Selected Stores:

It was moved by Commissioner Byrne, seconded by Commissioner Maiola, that the Commission approve non-recommendation of allocation of five (5) wine items for distribution to selected stores, as recommended by Nicole Horton, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- 2) Recommended Allocated & Restricted Wines for Distribution to Selected Stores:

- a. 1 item:

It was moved by Commissioner Byrne, seconded by Commissioner Maiola, that the Commission approve one (1) wine item to be designated as allocated and restricted, to be distributed to selected stores, as recommended by Nicole Horton, Wine Marketing Specialist

and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

b. 9 items:

It was moved by Commissioner Byrne, seconded by Commissioner Maiola, that the Commission approve nine (9) wine items to be designated as allocated and restricted, to be distributed to selected stores, as recommended by Nicole Horton, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

3) Recommended Wine Specialty Products (8 items):

It was moved by Commissioner Byrne, seconded by Commissioner Maiola, that the Commission approve eight (8) wine items to be designated as wine specialty products, to be carried in wine specialty stores, as recommended by Nicole Horton, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

4) Primary Source Submissions (11 items – exclusive agent; 25 items – imported):

It was moved by Commissioner Byrne, seconded by Commissioner Maiola, that the Commission approve the listing of eleven (11) wine codes which are not from primary source, but are offered by the exclusive marketing agent, and twenty-five (25) wine items which are not from primary source, but are imported, as recommended by Nicole Horton, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

III. ENFORCEMENT & LICENSING REPORTS - None.

IV. CHAIRMAN'S REPORT & LATE ITEMS

1. Bailment Requests:

It was moved by Commissioner Byrne, seconded by Commissioner Maiola, that the Commission approve all previously reviewed requests for bailment releases/transfers dated November 1 through November 7, 2002. The motion was unanimously adopted.

2. Coupon Approvals: None.

3. Late Items: None.

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John W. Byrne, Chairman

Anthony C. Maiola, Commissioner

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